

2010 BCSECCOM 612

Notice of Hearing

Royal Crown Ventures Group Ltd. and Thomas Joseph Sears (collectively, the Respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the *Act*), based on the following facts:

Background

1. Royal Crown Ventures Group Ltd. (RCV) was incorporated in British Columbia on March 26, 2007 and had an office in Vancouver, BC. RCV was not a reporting issuer and was not registered in any capacity under the *Act*.
2. Thomas Joseph Sears (Sears) is a resident of British Columbia. He is the founder, president and a listed director and officer of RCV. He has never been registered in any capacity under the *Act*. Sears was the controlling mind of RCV.

Misconduct

Illegal Trading and Distribution of Securities

3. From June 2007 to September 2008, RCV raised approximately \$1,890,500 by distributing its shares to 95 investors, including 56 residents of British Columbia (the Investors).
4. In distributing its shares, RCV purported to rely on the Accredited Investor and the Family, Friends, and Business Associates exemptions from the prospectus and registration requirements of the *Act*. Eighty-six investors, who invested \$1,365,500, did not qualify for these exemptions.
5. By trading and distributing securities without being registered or having filed a prospectus, RCV and Sears contravened sections 34 and 61 of the *Act*.
6. Sears as the president, officer and director of RCV authorized, permitted or acquiesced in RCV's contraventions of sections 34 and 61 of the *Act* and, therefore, he also contravened the same provisions under section 168.2 of the *Act*.

2010 BCSECCOM 612

Misrepresentations

7. Sears directed RCV to represent itself on its website and in conversations with Investors as a private mining company that owned mining rights to a historic iron ore mine in Bancroft, Ontario (the Iron Ore Property).
8. Sears and sales agents instructed by him made the following statements to Investors through the RCV website, e-mails and video presentations:
 - (a) RCV was in possession of a large stockpile of iron ore ready to be shipped to market (the Stockpile).
 - (b) RCV shares would be listed on a stock exchange or publicly traded within a short period of time.
 - (c) RCV would provide Investors returns of 37.5% for year 1, 227% for year 2 and 417% for year 3.
9. RCV and Sears knew or ought to have known that these statements were misrepresentations because:
 - (a) RCV had entered into a mining option agreement, under which RCV would acquire the mining rights to the Iron Ore Property and the Stockpile only upon making certain payments. RCV never made the required payments, and never acquired the mining rights to the Iron Ore Property or the Stockpile.
 - (b) RCV had made no attempts to list on any exchange.
 - (c) The investment returns that RCV posted on its website and e-mailed to investors were impossible to achieve.
10. In making the above misrepresentations, RCV and Sears acted contrary to section 50(1)(d) of the *Act*.
11. Sears as the president, officer and director of RCV authorized, permitted or acquiesced in RCV's contraventions of section 50(1)(d) of the *Act*, and, therefore, he also contravened the same provision under section 168.2 of the *Act*.

Calling at or Telephoning Residences

12. Sears employed several sales agents at RCV. Sears provided them with telephones, a list of prospective investors and a script about RCV, and

2010 BCSECCOM 612

instructed them to make phone calls to solicit funds for RCV. Several investors were solicited by cold calls to their personal residences.

13. By telephoning from inside British Columbia to residences inside or outside British Columbia for the purpose of trading in RCV securities, RCV and Sears contravened section 49 of the *Act*.
14. Sears as the president, officer and director of RCV authorized, permitted or acquiesced in RCV's contraventions of section 49 of the *Act*, and, therefore, he also contravened the same provision under section 168.2 of the *Act*.

Hearing Process

- ¶ 2 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 12th Floor - 701 West Georgia Street, Vancouver, BC V7Y 1L2; phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, BC, on Tuesday, November 23, 2010 at 9:00 a.m. if they wish to be heard before the Commission sets a date for the Hearing.
- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.
- ¶ 5 October 29, 2010

Paul C. Bourque

- ¶ 6 Paul C. Bourque, Q.C.
Executive Director